

THE HONORABLE RONALD B. LEIGHTON

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

HIDDEN HILLS MANAGEMENT, LLC,
and 334TH PLACE 2001, LLC,

Plaintiffs,

v.

AMTAX HOLDINGS 114, LLC, and
AMTAX HOLDINGS 169, LLC,

Defendant.

AMTAX HOLDINGS 114, LLC, AMTAX
HOLDINGS 169, LLC, and PARKWAY
APARTMENTS, LP,

Counter-Plaintiffs,

v.

HIDDEN HILLS MANAGEMENT, LLC,
and 334TH PLACE 2001, LLC,

Counter-Defendants

No. 3:17-cv-06048-RBL

DECLARATION OF J. SCOTT
PRITCHARD IN SUPPORT OF 334TH
PLACE'S MOTION FOR SUMMARY
JUDGMENT

NOTE ON MOTION CALENDAR:
January 25, 2019

I, J. Scott Pritchard, declare as follows:

1. I am one of the attorneys for Plaintiff 334th Place 2001, LLC ("**334th Place**") in the above-titled action, and I make this declaration in support of its Motion for Summary Judgment.

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2. Attached hereto as **Exhibit A** is a true and correct copy of the Limited Partnership Agreement for the Parkway Apartments, LP ("**Parkway**").

3. Attached hereto as **Exhibit B** is a true and correct copy of highlighted excerpts from the transcript of the Rule 30(b)(6) deposition of Catherine Tamaro, the designated representative of 334th Place.

4. Attached hereto as **Exhibit C** is a true and correct copy of highlighted excerpts from the transcript of the Rule 30(b)(6) deposition of Christopher Blake, the designated representative of AMTAX 169, LLC ("**AMTAX 169**").

5. Attached hereto as **Exhibit D** is a true and correct copy of independent auditor's reports for years ending in 2011, 2013, and 2017. The 2011 audit report include many of the fees now being challenged by AMTAX 169 in its counterclaims, including affiliate management fees, development fee, construction contract, managing general partner fee, asset management fee, advances and accounts payable (pp. 9-12). The 2017 audit contains notes on pages 14-15 describing the various amounts owed to 334th Place or affiliates, which AMTAX 169 demanded 334th Place forego in connection with the 2018 buyout. The following table summarizes these notes:

Amounts Owed to 334th Place or Affiliates on 12/31/2017	
Amount	Purpose
\$171,920	Accounts Payable
\$239,204	Accounts Payable
\$246,253	Advances - post 2013
\$2,486,055	Advances - through 2013
\$904,087	Deferred Developer Fee

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\$39,381	Management Fees
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6. Each audit statement also includes a “going concern” note. The 2017 note states that “[t]he Partnership has experienced working capital deficits and has not generated sufficient cash flow to meet all the Partnership’s obligations, including fees payable to the partners and affiliated entities. The administrative general partner [334th Place] has been willing and able to advance funds to the Partnership, and to accept delayed payments due to the administrative general partner and its affiliates. As a result of this support by the administrative general partner, and the continued willingness and ability of such support, management has determined that the Partnership is expected to continue as a going concern.” (2017 Audit at page 17).

7. Attached hereto as **Exhibit E** is a true and correct copy of the Project Capital Needs Assessment (“PCNA”) report dated May 15, 2014.

8. Attached hereto as **Exhibit F** is a true and correct copy of an email dated July 23, 2014, from John Demboski, the HUD Project Manager for Parkway Apartments, to Gary Newbold and Catherine Tamaro regarding refinancing Parkway’s mortgage.

9. Attached hereto as **Exhibit G** is a true and correct copy of a letter from AMTAX 169 to Morgan Stanley dated August 28, 2014, requesting approval and funding to refinance Parkway’s mortgage.

10. Attached hereto as **Exhibit H** is a true and correct copy of an email exchange dated April 22, 2014 between Catherine Tamaro and Gary Newbold, copying John Thomas and Chris Blake, regarding questions related to Parkway’s audited financial statements.

11. Attached hereto as **Exhibit I** is a true and correct copy of an email exchange dated May 1, 2014 between Catherine Tamaro and Chris Blake, copying Gary Newbold and Adam Stein, regarding questions related to Parkway’s audited financial statements.

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1 12. Attached hereto as **Exhibit J** is a true and correct copy of an email exchange
2 between Catherine Tamaro and Chris Blake ending negotiations regarding a 2014 voluntary
3 buyout of the LP's interest in Parkway by 334th Place.

4 13. Attached hereto as **Exhibit K** is a true and correct copy of a letter from Catherine
5 Tamaro to Chris Blake dated January 3, 2018 regarding 334th Place's buyout option pursuant to
6 Section 7.4.J of Parkway's LPA.

7 14. Attached hereto as **Exhibit L** is a true and correct copy of a schedule of damages
8 that AMTAX 169 produced in response to 334th Place's discovery deficiency letter.

9 15. Attached hereto as **Exhibit M** is a true and correct copy of a letter from AMTAX
10 169 to 334th Place dated March 6, 2018 regarding 334th Place's buyout option pursuant to
11 Section 7.4.J of Parkway's LPA.

12 16. Attached hereto as **Exhibit N** is a true and correct copy of a letter from AMTAX
13 169 to 334th Place dated May 8, 2018 regarding 334th Place's buyout option pursuant to Section
14 7.4.J of Parkway's LPA.

15 17. Attached hereto as **Exhibit O** is a true and correct copy of an email from Gary
16 Newbold dated August 29, 2014, summarizing for Morgan Stanley his knowledge of the repair
17 work being done at Parkway.

18 18. Attached hereto as **Exhibit P** is a true and correct copy of an email from
19 Catherine Tamaro dated June 25, 2014, providing Gary Newbold with a copy of the PCNA.

20 19. Attached hereto as **Exhibit Q** is a true and correct copy of an excerpt from
21 AMTAX 169, LLC's responses to 334th Place's requests for admissions.

22 20. Attached hereto as **Exhibit R** is a true and correct copy of an email from Gary
23 Newbold dated May 28, 2015 discussing 334th Place's support for Parkway by deferring fees.

24 21. Attached hereto as **Exhibit S** is a true and correct copy of an email from Chris
25 Blake dated August 14, 2014 discussing 334th Place's "significant advances."
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22. Attached hereto as **Exhibit T** is a true and correct copy of an email exchange between Gary Newbold and Catherine Tamaro dated June 27, 2013 on various Parkway-related issues.

23. Attached hereto as **Exhibit U** is a true and correct copy of an email dated March 27, 2014, from Gary Newbold to Chris Blake, copying John Thomas, in which he asks John Thomas to make Parkway's audit "a priority to review."

24. Attached hereto as **Exhibit V** is a true and correct copy of an email exchange dated December 13, 2017 between Chris Blake and Caley Dias, in which Mr. Blake instructs Ms. Dias to scrutinize Parkway's audited financial statements to develop claims against 334th Place in retaliation for the Hidden Hills lawsuit. AMTAX 169 clawed back this email during discovery, citing privilege and attorney work product, until this Court sanctioned AMTAX 169 for discovery misconduct and compelled it to rescind the claw back by order dated December 28, 2018.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this 28th day of December 2018, at Seattle, Washington.

STOEL RIVES LLP

/s/ J. Scott Pritchard

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